

SENATE BILL REPORT

EHB 2985

As Reported By Senate Committee On:
Economic Development, Trade & Management, February 27, 2008

Title: An act relating to establishing local public works assistance funds.

Brief Description: Establishing local public works assistance funds.

Sponsors: Representatives Liias, Ericks, Ormsby, Appleton, Hunt, O'Brien, Loomis, Pettigrew, Kagi, Blake, Simpson and Chase.

Brief History: Passed House: 2/15/08, 94-0.

Committee Activity: Economic Development, Trade & Management:2/22/08, 2/27/08 [DP].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: Do pass.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Kauffman, King and Shin.

Staff: Aaron Gutierrez (786-7448)

Background: The Public Works Assistance Account (PWAA), commonly known as the Public Works Trust Fund (PWTF), was created by the Legislature in 1985 to provide a source of loan funds to assist local governments and special purpose districts with infrastructure projects. The Public Works Board (Board) within the Department of Community, Trade and Economic Development (DCTED), is authorized to make low-interest or interest-free loans from the account to finance the repair, replacement, or improvement of bridges, roads, water and sewage systems, and solid waste and recycling facilities. All local governments except port districts and school districts are eligible to receive loans. The PWAA receives: dedicated revenue from utility and sales taxes on water, sewer service, and garbage collection; a portion of the real estate excise tax; and loan repayments.

There is no specific statutory authorization for a county or municipal level public works assistance program.

Summary of Bill: County legislative authorities may establish local public works assistance funds in order to pay for public works projects located wholly or partially within the county. Monies may be deposited in a local fund from a county's existing revenue sources, and, along with interest earned on fund balances, may only be used to make loans to the county and other local governments for funding public works projects and to pay for the costs of fund administration.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

No more than 50 percent of the monies loaned from the fund in a calendar year may be loaned to the county providing the local public works assistance funds. At least 25 percent of the monies anticipated to be loaned in a calendar year must be made available for funding public works projects in cities or towns. Payment of administrative costs is limited to no more than 1 percent of the average annual balance of the fund, including interest.

In consultation with cities and towns within the county, counties may make loans to local governments from local public works assistance funds. Counties may require terms and conditions, and charge interest. Counties may not pledge amounts that exceed the sum of money in the fund plus money to be received from debt service payments on loans made from the fund.

Prior to making any loans from the local public works assistance fund, counties must develop a competitive application process to assign project priority based on set factors. Projects with the highest priority are those that address public health or substantial environmental degradation, or increase existing capacity necessary to accommodate population and employment growth.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: There is no clear statutory authority to use these funds for a loan. This process would create a sense of security in statutory authority, and will move more quickly than the typical bond process. Cities and towns often do not have a high enough bond rating to be effective.

Persons Testifying: PRO: Julie Murray, WSAC; Michael Shaw, Snohomish County; Terri Jeffreys, Realtors.